

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 PA-01 SP-02 SS-15 NSCE-00 SSO-00  
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INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
AMEMBASSY ROME  
USMISSION USNATO

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 6019

E.O. 11652: XGDS-3  
TAGS: PINT PO  
SUBJ: SOCIALISTS AND EANES FAR APART

SUMMARY: ON AUGUST 11 RUI MATEUS, INTERNATIONAL SECRETARY OF THE SOCIALIST PARTY, GAVE US PS VIEWS ON NOBRE DA COSTA'S ATTEMPT TO FORM A NEW GOVERNMENT. SOCIALISTS ARE BITTER AT ACTIONS BY NOBRE DA COSTA AND PRESIDENT EANES, WHICH THEY CONSIDER DECEITFUL AND AIMED SPECIFICALLY AT THE PS. SOCIALISTS CONSIDER NOBRE DA COSTA A "MAN OF THE RIGHT," AND THEY WILL EXTEND ONLY LIMITED COOPERATION TO ANY GOVERNMENT HE MAY FORM. THEY WOULD, HOWEVER, BE WILLING TO SEE A WEAK NOBRE DA COSTA GOVERNMENT LASTING UNTIL 1980 ELECTIONS. SOCIALISTS BELIEVE THEY WOULD HAVE MORE ELECTORAL STRENGTH IN 1980, AFTER TWO YEARS OF WORK AT THE GRASSROOTS, THAN  
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THEY WOULD IF ELECTIONS WERE HELD IN THE NEXT FEW MONTHS. WE CONCLUDE THAT TENSION BETWEEN THE PRESIDENT AND SOARES REMAINS SERIOUS. PERSONAL AND POLITICAL RESENTMENTS MAY NOT PREVENT FORMATION OF A NOBRE DA COSTA GOVERNMENT, BUT THEY WILL MAKE ITS FUNCTIONING DIFFICULT. END SUMMARY.

1. EANES'S MANEUVERS AND SOCIALIST RESENTMENTS: MATEUS SAYS

SOCIALISTS NOW HAVE HARD EVIDENCE THAT PRESIDENT EANES PURPOSELY MISLED THEM DURING ALL OF THE CURRENT POLITICAL CRISIS. FOR ABOUT TEN DAYS, MATEUS BELIEVES, EANES HAD FIRM INTENTIONS OF NAMING NOBRE DA COSTA AS PRIME MINISTER. BUT SOCIALISTS HAD NO INKLING OF THIS INTENTION UNTIL HOURS BEFORE THE FORMAL ANNOUNCEMENT. HIS NAME WAS NOT ON THE LIST OF POTENTIAL PRIME MINISTERS GIVEN BY THE PRESIDENT TO MARIO SOARES. WORSE, SAID MATEUS, THE SOCIALISTS HAVE NOW LEARNED THAT THE LISTS GIVEN TO THE CDS AND EVEN TO THE COMMUNISTS PARTY DID CONTAIN NOBRE DA COSTA'S NAME. MATEUS CONCLUDED THAT EANES HAD BEEN TREATING THE PS "AS THE ENEMY."  
(COMMENT: WE CANNOT CONFIRM ALL OF MATEUS'S DETAILS, BUT CLEARLING SOCIALISTS, ESPECIALLY SOARES, BELIEVE THEY HAVE GROUNDS FOR RESENTMENT. IN SEPTELS, WE HAVE REPORTED THAT EANES ALSO BELIEVES HE HAS SERIOUS COMPLAINTS AGAINST SOARE'S BEHAVIOR.)

2. NOBRE DA COSTA AS A PERSON: THE PRIME MINISTER-DESIGNATE IS ATTRACTIVE AS A PERSON, MATEUS CONTINUED, AND MANY SOCIALISTS LIKE HIM. BUT POLITICALLY, THE SOCIALIST PARTY CONSIDERS HIM TO BE "MAN OF THE RIGHT". THE SOCIALISTS MADE HIM MINISTER OF INDUSTRY NOT BECAUSE THEY CONSIDERED HIM REALLY COMPATIBLE WITH THEIR PROGRAM, BUT BECAUSE SOMEONE LIKE HIM WAS NECESSARY TO RETAIN BUSINESS CONFIDENCE. MATEUS STRESSED THE LACK OF COMPATIBILITY BETWEEN GOALS ACCEPTED BY MOST SOCIALISTS AND BY NOBRE DA COSTA. THE  
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PARTY (READ SOARES) ALSO FEARS THAT NOBRE DA COSTA WILL BUILD A POLTICIAL BASE OF HIS OWN.

3. SOCIALIST ATTITUDE TOWARD FORMATION OF NEW GOVERNMENT: MATEUS DOUBTED THAT MAJOR SOCIALIST FIGURES WOULD AGREE TO PARTICIPATE IN A NOBRE DA COSTA GOVERNMENT. FINANCE MINISTER CONSTANCIO AND LABOR MINISTER GONELHA WOULD CERTAINLY NOT BE WILLING TO BE IDENTIFIED WITH A GOVERNMENT OF THE RIGHT HE SAID. (NOTE: DESPITE THIS, WE HAVE A REPORT FROM ANOTHER SOURCE CLOSE TO CONSTANCIO THAT HE IS WILLING TO STAY AS FINANACE MINISTER, IF THE PARTY AGREES). MATEUS SAID THAT THE PARTY IN ITS CURRENT MOOD WOULD BE RELUCTANT TO GRANT PERMISSION FOR PARTICIPATION EVEN IF MAJOR FIGURES WERE SO INCLINED PERSONALLY. WHEN ASKED, MATEUS AGREED THAT A FEW MINOR PS FIGURES MIGHT BE WILLING TO SERVE IN A NOBRE DA COSTA GOVERNMENT, BUT THE PARTY'S MOST CAPABLE AND AMBITIOUS PEOPLE WOULD HAVE MORE SENSE THAN TO ACCEPT CONSERVATIVE IDENTIFICATION.

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FM AMEMBASSY LISBON

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4. POSSIBLE OUTCOMES: MATEUS THOUGHT THAT THE MOST LIKELY ALTERNATIVE, AS WELL AS THE LEAST BAD ONE FOR THE SOCIALISTS, WOULD BE A WEAK NON-PARTY GOVERNMENT LED BY NOBRE DA COSTA AND LASTING FOR THE FULL PERIOD UNTIL OCTOBER 1980 ELECTIONS. THE SOCIALISTS WOULD ALLOW SUCH A GOVERNMENT TO CONTINUE BECAUSE THEY WOULD CONSIDER THIS AN EXCELLENT OPPORTUNITY TO BUILD ELECTORAL STRENGTH BY SUCH MEANS AS THE CONSTRUCTION OF A SOCIALIST LABOR MOVEMENT. (MATEUS DID NOT SAY, BUT WE BELIEVE IT LIKELY, THAT SOCIALISTS WOULD PREFER TO AVOID FURTHER PUBLIC IDENTIFICATION WITH THE KIND OF STRINGENT ECONOMIC MEASURES THAT ARE GOING TO BE NECESSARY.) BUT NEITHER THE SOCIALIST PARTY NOR THE PSD COULD AFFORD TO BE SO DOCILE AS TO ALLOW NOBRE DA COSTA A SMASHING SUCCESS. THE PS WOULD APPROVE DESIRABLE LEGISLATION PROPOSED BY THE GOVERNMENT (ON A CASE-BY-CASE BASIS) AND WOULD HOPE TO  
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ABSTAIN ON MATTERS AMOUNTING TO A VOTE OF CONFIDENCE. THERE WOULD BE NO ENTHUSIASTIC SOCIALIST COLLABORATION WITH ANY GOVERNMENT THAT NOBRE DA COSTA WAS LIKELY TO BE ABLE TO FORM.

5. OTHER ALTERNATIVES: THERE ARE OTHER LESS PROBABLE ALTERNATIVES WHICH MATEUS MENTIONED. OF THESE, HE THOUGHT THE MOST LIKELY WOULD BE A CARETAKER NOBRE DA COSTA GOVERNMENT LASTING A FEW MONTHS, WITH ITS MAIN ACCOMPLISHMENT THE PREPARATION OF NEW ELECTORAL LAWS. AT THAT TIME, THE GOVERNMENT WOULD FALL AND NEW ELECTIONS WOULD BE HELD--TOO SOON FOR THE SOCIALISTS. A MUCH LESS LIKELY POSSIBILITY IS THAT NOBRE DA COSTA MIGHT EVENTUALLY OFFER THE PS ENOUGH MAJOR PORTFOLIOS TO OBTAIN THEIR FULL COOPERATION. FINALLY, IN HIS CONSULTATIONS WITH THE PARTIES, DA COSTA MIGHT BE UNABLE TO FIND SUFFICIENT BASIS FOR EVEN TACIT ASSEMBLY ACCEPTANCE OF A GOVERNMENT, IN WHICH CASE HE MIGHT INFORM THE PRESIDENT HE HAS FAILED.

6. COMMENT: WE BELIEVE THAT MATEUS WAS ACCURATELY REFLECTING MARIO SOARES'S THINKING, AND PARTICULARLY HIS STILL HIGHLY EMOTIONAL STATE OF MIND. IN THIS CONNECTION, AN AFTERNOON SOCIALIST PAPER AUGUST 11 QUOTES MARIO SOARES AS SAYING THAT THE PS WILL NOT RPT NOT PARTICIPATE IN NEW GOVERNMENT AS A PARTY, BUT WILL CONSIDER ITS PROGRAMS OBJECTIVELY. AT THE SAME TIME, IT IS CLEAR FROM OTHER SOURCES THAT PS IS STILL INTERNALLY DEBATING ITS RELATIONSHIP WITH THE NEW GOVERNMENT AND THAT SOME ELEMENTS OF THE PARTY, PARTICULARLY THOSE CONCERNED WITH ECONOMIC POLICY, ARE ADVOCATING THAT INDIVIDUAL PARTY MEMBERS BE AUTHORIZED TO PARTICIPATE IN A NEW GOVERNMENT.  
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## Message Attributes

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